

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SS-20 NSC-10 L-03 H-03 SEC-03

JUSE-00 FTC-01 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EA-11 FRB-02 INR-10 NEA-11 NSAE-00 RSC-01 OPIC-12

SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 SSO-00

NSCE-00 INRE-00 DRC-01 /174 W
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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6292

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS UNN

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E.O. 11652 NA

TAGS: EIND, EFIN, EEC

SUBJ: FOREIGN INVESTMENT IN THE USA

REFS: A) STATE 11634; B) EC BRUSSELS 6406 (1973); C) EC
BRUSSELS A-210, MAY 24, 1973

1. BEGIN SUMMARY. IN RESPONSE TO REFTEL A, THE MISSION SUGGESTS
THAT THE EC COMMISSION PAPER ON "MULTINATIONAL
UNDERTAKINGS AND COMMUNITY REGULATIONS" (SEE REF B)
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WHICH WAS FORWARDED TO EUR/RPE, INDICATES THE CLOSE

RELATIONSHIP BETWEEN US ATTITUDES TOWARD FOREIGN
DIRECT INVESTMENT (FDI) IN THE US AND THE COMMISSION'S
APPROACH TO MULTINATIONAL CORPORATIONS (MNC). END SUMMARY.

2. IN DRAFTS OF THE MNC PAPER AND IN THE FINAL
VERSION THE COMMISSION LOOKED CLOSELY AT POSSIBLE US
DISCRIMINATION TOWARD FOREIGN DIRECT INVESTMENT.
ALTHOUGH THE COMMISSION FOUND MINOR IRRITANTS, THE ONLY
OBSTACLES FOUND WHICH HAVE A DISCRIMINATORY OR RESTRICTIVE
EFFECT WERE THE INTEREST EQUALIZATION TAX, WHICH THEY
ACKNOWLEDGED WOULD BE ELIMINATED, AND CITIZENSHIP
REQUIREMENTS FOR SHAREHOLDERS AND MANAGERS FOR FIRMS
SEEKING CERTAIN DEFENSE CONTRACTS. THEY FOUND THE OVER-
WHELMING OBSTACLE TO EUROPEAN DIRECT INVESTMENT IN THE
US "TOUGH COMPETITION". THUS, THEY IN EFFECT
GAVE THE US A CLEAN BILL OF HEALTH.

3. WE BELIEVE THIS POSITIVE CONCLUSION WAS IMPORTANT
IN ALLOWING THE COMMISSION TO STATE ON PAGE FIVE OF THE
PAPER THAT THE LEGAL FRAMEWORK TO BE DEVELOPED BY THE EC TO
CONTROL POSSIBLE ABUSES BY MNCS "SHOULD CONTAIN NO
DISCRIMINATORY ASPECTS AND THAT IT SHOULD APPLY ALIKE
TO INDIVIDUALS AND TO UNDERTAKINGS, WHETHER OF NATIONAL,
INTERNATIONAL, COMMUNITY OR EXTRA-COMMUNITY ORIGIN."
IF THE US WERE TO PASS A SERIES OF MEASURES WHICH
CREATED OBSTACLES TO EUROPEAN DIRECT INVESTMENT IN THE
US, WE BELIEVE THE COMMISSION COULD NOT MAINTAIN ITS
NON-DISCRIMINATORY APPROACH TO MNC'S.

4. THE NON-DISCRIMINATORY ATTITUDE REFLECTED IN THE
COMMISSION'S PAPER ON MNCS AND IN ITS DRAFT DIRECTIVE ON
PUBLIC PROCUREMENT (REF C) -- AND MORE FUNDAMENTALLY
THE OVERALL POSITION ON EQUAL TREATMENT PROVIDED UNDER
ARTICLE 58 OF THE ROME TREATY -- WOULD UNDOUBTEDLY
COME UNDER ATTACK IN EUROPE IF THE US WENT DOWN THE
ROAD OF DISCRIMINATION TOWARD FDI. GREENWALD

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Message Attributes

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